

## Message Text

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15

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-11 L-03 ACDA-19

NSAE-00 PA-04 RSC-01 PRS-01 SP-03 USIA-15 TRSE-00

SAJ-01 EB-11 COME-00 FRB-03 NIC-01 OMB-01 NSC-07

SS-20 DRC-01 /135 W

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R 271945Z SEP 74

FM USMISSION NATO

TO SECSTATE WASHDC 7847

INFO ALL NATO CAPITALS 4434

SECDEF WASHDC

UNCLAS USNATO 5306

E.O. 11652: N/A

TAGS: ECON, MILI, NATO

SUBJECT: ECONADS: EFFECTS OF INFLATION ON DEFENSE EXPENDITURES OF  
NATO MEMBER COUNTRIES

REF: STATE 208819

1. AS RESULT EXCHANGE OF VIEWS AT SEPTEMBER 26 ECONOMIC COMMITTEE MEETING ON INFLATION AND DEFENSE SPENDING, AGREEMENT REACHED ON BEST INITIAL APPROACH TO ESTABLISH CONSISTENT METHODOLOGY FOR MEASURING DEFENSE EXPENDITURES IN CONSTANT PRICES. ALL DELEGATIONS AGREED IT BEST TO BEGIN IN SIMPLEST MANNER WITH STEPS TO IMPROVE CONSTANT PRICE VALUATION OF PRIMARY INPUT RESOURCES TO DEFENSE. AT A LATER STAGE, ECONOMIC COMMITTEE WILL EXPLORE WAYS TO EXPAND METHODOLOGY TO INCLUDE SEPARATE DEFLATORS FOR VARIOUS MAJOR COMPONENTS.

2. COMMITTEE AGREED THAT BY JANUARY OR FEBRUARY 1974, MEMBER COUNTRIES WILL PROVIDE ECONOMIC DIRECTORATE: (A) ADDITIONAL INFORMATION ON OVERALL DEFLATORS CURRENTLY BEING USED IN REPORT TO NATO; (B) INFORMATION ON MORE DETAILED METHODS USED BY SOME COUNTRIES

;

AND AS A FIRST STEP, (C) SEPARATE DEFLATORS, IF POSSIBLE, FOR  
UNCLASSIFIED

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PERSONNEL AND NON-PERSONNEL EXPENDITURES. AT THE SAME TIME, MEMBER COUNTRIES WILL ATTEMPT BEGIN DEVELOPING DEFLATORS BASED ON BREAKDOWN OF NATO CATEGORIES OF OPERATING EXPENDITURES AS OUTLINED ED/EC/74/45 OF MAY 30, 1974. SUCH INFORMATION WILL BE UNOFFICIAL AND WILL BE

USED ONLY AS BASIS FOR FUTHER DISCUSSION AT NEXT MEETING ON SUBJECT  
TO BE HELD IN SPRING 1975.

3.MORE DETAILED REPORT OF MEETING TRANSMITTED AIRGRAM.  
MCAULIFFE

UNCLASSIFIED

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 11 JUN 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
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**Executive Order:** N/A  
**Errors:** n/a  
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